

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 L-01 DODE-00 PRS-01 SP-02 H-01 PM-03 SAM-01

RSC-01 DRC-01 /047 W

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4771

CONFIDENTIAL OTTAWA 3376

LIMDIS

E.O. 11652: GDS

TAGS: ENRG CA US

SUBJECT: CANADIAN ENERGY MATTERS

1. IN CONVERSATION WITH ENERGY MINISTER MACDONALD TODAY, HE COMMENTED AT MY REQUEST ON NATURE OF FIFTY CENT REBATE TO EXPORTERS PER BARREL OF HEAVY CRUDE OIL. MACDONALD SAID SUCH REBATE IS PAYABLE UPON APPLICATION BY EXPORTER TO NATIONAL ENERGY BOARD. IT IS TEMPORARY MEASURE FOR PURPOSE OF ASSISTING EXPORTERS TO MOVE HEAVY CRUDE THROUGH SLACK WINTER SALES PERIOD. I INQUIRED WHETHER THIS REBATE WOULD BE REFLECTED IN LOWER PRICE IN U.S. MARKET. MACDONALD REPLIED AFFIRMATIVELY.

2. I ASKED MINISTER WHETHER REBATE WOULD BE PAID FROM CANADIAN OIL SALES RECEIPTS IN U.S., AND WHETHER IT REFLECTS RECEIPTS IN EXCESS OF CANDIAN NEEDS FOR THEIR EASTERN OIL REQUIREMENTS. MACDONALD SAID REBATE FUNDS NOT RPT NOT FORTHCOMING FROM THAT SOURCE AND HE DID NOT ELABORATE. (LATER HOWEVER HIS ASSISTANT CALLED ECON COUNSELOR AND INDICATED IN EFFECT THAT REBATE IS PAID FROM TAX RECEIPTS.)

3. MINISTER ASKED ABOUT NEWS REPORTS OVER WEEKEND INDICATING SOME OPEC COUNTRIES MAY BE WILLING ENVISAGE

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LOWER PRICES IF CONCESSIONS REACHED AT IMPENDING ALGIERS

MEETING. I SAID I HAD SEEN SOME PRESS REPORTS.
MACDONALD COMMENTED THAT IT WOULD PROBABLY BE GOOD THING
GENERALLY IF PRICES CAME DOWN "A COUPLE OF BUCKS". I
ASKED IF CANADIAN PRICES WOULD FOLLOW SUCH A TREND. HE
SAID THAT WOULD DEPEND ON PRICE OF VENEZUELAN CRUDE IN
CHICAGO TO WHICH PRICE OF CANADIAN OIL IS TIED.

4. I INQUIRED WHETHER MACDONALD EXPECTED GOC TO REPLY
TO OUR NOTE OF JUNE 6 CONCERNING THE OPENING OF
NEGOTIATIONS ON A PIPELINE AGREEMENT. HE SEEMED UNAWARE
OF NOTE, THEN COMMENTED THAT LAST JUNE WAS NOT A GOOD
TIME FOR GOVERNMENT TO CONCENTRATE ON SUCH PROBLEMS. I
REVIEWED CONTENT OF NOTE FOR HIM AND SAID I'D SEND HIM
COPY. HE PROFESSED EAGERNESS TO OPEN DISCUSSIONS, BUT
ADDED THAT ANYTHING LIKE THAT MUST AVOID GIVING IMPRESSION
THAT WE ARE AIMING AT "CONTINENTAL" POLICY BECAUSE THAT
WOULD NOT BE ACCEPTABLE IN CANADA. I SAID WE HAVE NO
DEFERENCE TO CONGRESSIONAL WISHES EXPRESSED AT TIME
ALASKA PIPELINE WAS UNDER CONSTRUCTION.

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, PETROLEUM PIPELINES, PRICE TRENDS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 OCT 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OTTAWA03376
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740293-0544
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741045/aaaabmkc.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2002 by ifshinsr>; APPROVED <19-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CANADIAN ENERGY MATTERS
TAGS: ENRG, CA, US, NATIONAL ENERGY BOARD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005